

Report on Examination

of

Lifespace Communities Inc.

d/b/a

Abbey Delray South

Delray Beach, Florida

as of

December 31, 2021



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SCOPE OF EXAMINATION

The Florida Office of Insurance Regulation (“OIR”), Life & Health Financial Oversight unit, conducted a routine examination of Lifespace Communities Inc. d/b/a Abbey Delray South, pursuant to Section 651.105, Florida Statutes. The objective of the examination was to determine the extent of compliance with the provisions of Chapter 651, Florida Statutes, and Rule Chapter 690-193, Florida Administrative Code. The examination covered the period of January 1, 2014, through December 31, 2021.

COMPANY HISTORY

Lifespace Communities Inc., a Florida not-for-profit corporation, was granted a certificate of authority by the OIR to offer continuing care contracts on March 6, 1981. Lifespace Communities Inc. operates the continuing care retirement community facility Abbey Delray South located in Delray Beach, Florida.

Abbey Delray South operates on the calendar year from January 1 through December 31. As of December 31, 2021, Abbey Delray South reported in its Annual Report filed with the OIR: 356 Continuing Care Units consisting of 282 Independent Living Units and 74 Skilled Nursing Units. As of December 31, 2021, there were 299 individuals reported residing at Abbey Delray South. The facility reports, pursuant to a continuing care contract, 230 residents in independent living and 12 residents in skilled nursing.

SUMMARY OF FINDINGS

New Financing, Refinancing, Additional Financing

Finding 1:

In four instances, pursuant to Section 651.019(2), Florida Statutes, Abbey Delray South failed to submit copies of executed financing documents within 30 days after the closing date of such transaction to the OIR as required.

Finding 2:

In one instance, pursuant to Section 651.019(1)(a), Florida Statutes, Abbey Delray South failed to timely provide a general outline of the amount and anticipated terms of any new financing or refinancing, and the intended use of proceeds, to the Residents Council at least 30 days before the closing date of the 2021 financing transaction.

Finding 3:

In three instances, pursuant to Section 651.019(1), Florida Statutes, Abbey Delray South failed to submit to the OIR a general outline, including the intended use of proceeds, with respect to any new financing, additional financing, or refinancing at least 30 days before the closing date of such financing transaction.

Residents Council Required Disclosures

Finding 4:

In two instances, pursuant to Section 651.091(2)(g), Florida Statutes, Abbey Delray South failed to provide documentation demonstrating that the information described in Section 651.085(4), Florida Statutes, was delivered in writing to the President or Chair of the Residents' Council.

Finding 5:

In seven instances, pursuant to Section 651.091(2)(f), Florida Statutes, Abbey Delray South failed to provide documentation demonstrating that a copy of the most recent Third-Party Financial Audit filed with the OIR was given to the President or Chair of the Residents' Council within 30 days after filing the Annual Report with the OIR.

Quarterly Meetings with Residents

Finding 6:

In seven instances, pursuant to Section 651.085(4), Florida Statutes, Abbey Delray South failed to provide documentation demonstrating that at a quarterly meeting prior to the implementation of any increase in the monthly maintenance fee; Abbey Delray South must provide the reasons, by department cost centers, for any increase in the fee that exceeds the most recent published Consumer Price Index for All Urban Consumers, all items, Class A Areas of the Southern Region.

MINIMUM LIQUID RESERVE

As of December 31, 2021, Abbey Delray South had a Minimum Liquid Reserve that was funded in accordance with Section 651.035, Florida Statutes.

SUMMARY OF RECOMMENDATIONS

New Financing, Refinancing, Additional Financing

Finding 1, 2, and 3: The OIR recommends Abbey Delray South submits executed financing documents, escrow, or trust agreements prepared in support of such financing or refinancing transaction, to the OIR within 30 days after the closing date of financing, and a copy of all documents required to be submitted to the Residents' Council at least 30 days before the closing date of the financing or refinancing transaction, adhering to Section 651.091, Florida Statutes.

Residents' Council Required Disclosures

Findings 4 and 5: The OIR recommends Abbey Delray South establish adequate procedures and controls to ensure the statutory availability, distribution, and posting of reports and records are distributed to the President or Chair of the Residents' Council, in accordance with Section 651.091(2), Florida Statutes.

Quarterly Meetings with Residents

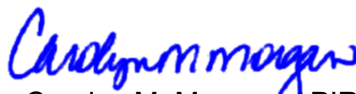
Finding 6: The OIR recommends Abbey Delray South maintains documentation to demonstrate that at a quarterly meeting prior to the implementation of any increase in the monthly maintenance fee, Abbey Delray South provides the reasons, by department cost centers, for any increase in the fee that exceeds the most recently published Consumer Price Index for All Urban Consumers, all items, Class A Areas of the Southern Region in accordance with Section 651.085(4), Florida Statutes.

CONCLUSION

This Report of Examination is based upon the information provided to the OIR from Abbey Delray South and additional research conducted by the OIR.

The following individuals from the Florida Office of Insurance Regulation participated in the examination: Michael Rockwell, Senior Management Analyst Supervisor; Steven Waites, Financial Specialist.

Respectfully submitted,



Carolyn M. Morgan, APIR
Director
Life & Health Financial Oversight
Florida Office of Insurance Regulation
Date Signed: 7/18/23